



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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November 20, 1996

Lee "Pat" Gochmour  
Summo USA Corporation  
P. O. Box 3207  
Englewood, Colorado 80155

Re: Status of Large Mine Permit Review Process, Summo USA Corporation (Summo), Lisbon Valley  
Copper Project, M/037/088, San Juan County, Utah

Dear Mr. Gochmour:

The Division has evaluated Summo's most recent technical information which was provided to satisfy some of the remaining permitting deficiencies. Formal notice of our intent to issue Tentative Approval of your permit application was published on November 14, 1996. This began a 30-day public comment period which will effectively expire on December 16, 1996. We await receipt of the remaining technical concerns by November 29, 1996, and anticipate sending our formal tentative approval to you by December 6, 1996.

The Division is sufficiently satisfied with the level of technical information provided to date. However, we **are not** in a position to seek approval of an amount and form of reclamation surety from the Board of Oil, Gas and Mining (Board) at this time. It was our intention to present a final form and amount of surety to the Board at the December 11, 1996 Hearing. There are a few extenuating circumstances that remain unresolved which will prevent us from seeking the Board's approval at the December Hearing. The circumstances are:

1. Additional technical information which directly relates to the reclamation surety estimate will not be available until November 22 and 29 from Summo (as indicated in Summo's November 4, 1996 letter). Summary details of the reclamation plan and reclamation surety calculation are a required part of the information package which the Division provides to the Board. The deadline for submission of the Board packages for the December 1996 Hearing is November 19, 1996.
2. The Bureau of Land Management (BLM) has not published the final Environmental Impact Statement. It is our understanding that this final document will not be available for public review until the first or second week of December 1996. Formal publication in the Federal Register would follow beginning a 30-day public review period. This review period would conceivably expire by mid-January 1997. The BLM's formal Record of Decision (ROD) will probably be available within a few days thereafter.

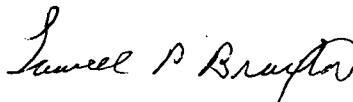


As you know, the final EIS will identify the BLM's preferred design alternative(s). The final design alternative(s) will determine the ultimate mine plan and reclamation plan for the project. Although we have a good indication of the preferred alternative(s), we will not know for *certain* until the final ROD is published. Because the final preferred design alternative(s) have a direct impact on the required reclamation surety amount, we are not prepared to approach the Board with a final form and amount of reclamation surety until after the final BLM decision is made.

3. The Utah Department of Environmental Quality, Division of Water Quality (DWQ) has not published its Draft Ground Water permit yet. Their final permit conditions could also have an impact of the final closure, reclamation and post-closure monitoring requirements for this project. Obviously, these conditions could have a direct impact on the required amount of reclamation surety. It is our understanding that DWQ anticipates having the Draft Ground Water permit out to the operator by the end of November 1996. Once DWQ and Summo have negotiated and agreed upon the content and conditions of the Draft permit, the permit is then made available for a 30-day public review. Therefore, it is unlikely that the Ground Water permit will be finalized before early January 1997.
4. The Board of Oil, Gas and Mining does not issue the mine permit or approve the mining and reclamation plan per se. However, the Board does approve of the proposed form and amount of reclamation surety. Summo has not provided the Division with it's preferred form of reclamation surety. At a minimum, the Division must have a draft copy of a completed Reclamation Contract (Form MR-RC) and the preferred form of surety (for a specified amount), before a recommendation to the Board can be made. Normally, the final signed versions of the Reclamation Contract agreement and surety are received by the date of the Board Hearing.

The Division anticipates that we will be in a position to make a sound recommendation to our Board at the January 22, 1997 Hearing. Board Package briefing information must be finalized for mailing no later than January 7, 1997. Other state and federal final permitting decisions which could have a direct impact on our final permitting decision for this project should be resolved before our January Hearing date. We apologize for the unfortunate delay and any inconvenience that this may create. If you have questions or concerns regarding this decision, please contact me, Mary Ann Wright, or Wayne Hedberg of my staff.

Sincerely,



Lowell P. Braxton  
Deputy Director

jb  
cc: Bob Prescott, Summo (Moab)  
Lynn Jackson, BLM  
Don Ostler, DWQ  
William Stokes, SITLA  
m037088.ta